

TAKING ACCOUNT

Welcome



A very Warm Welcome to Rustrick Accountants Winter 2025 Newsletter

As 2025 comes to a close, we would like to extend our sincere thanks to all our clients for their continued support over the past year. It has been a year of both challenges and opportunities for many, with ongoing economic pressures, evolving regulations, and continued advances in digital accounting. Throughout this time, we have been consistently impressed by the determination and adaptability shown by our clients, and we are proud to have supported so many with achieving their goals.

The end of the year is always a valuable point for reflection and planning. Whether you are reviewing your tax position ahead of the 31st January filing deadline, preparing year-end accounts, or setting financial objectives for the year ahead, taking time now to get organised can make a real difference.

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Autumn Budget announcements

We have recently sent out a budget update following the Chancellor's recent announcements however, as a quick reminder, these are some of the key changes:

- Personal income tax and national insurance thresholds frozen for a further 3 years to 2031
- Basic and higher income tax rates on dividend income to increase by 2% from April 2026
- Tax rate on property and savings income to increase by 2% from April 2027
- Minimum wage for over 21s to increase to £12.71 per hour
- Minimum wage for 18-20 year olds to increase to £10.85 per hour
- New mileage based tax for electric vehicles and plug-in hybrid cars to be introduced from 2028



Please visit our website for details of more key tax announcements
www.rustrick.co.uk

If you would like to discuss any of these changes and how they will affect you, please give us a call.

Tax free Christmas gifts – Ensure you stay compliant!



The trivial benefits exemption allows companies to give small, non-cash gifts tax and NI-free, as long as each costs £50 or less and isn't part of salary or a reward for work. For directors of close companies, the total annual value is capped at £300. At Christmas, gifts like a £50 hamper or gift card are fine, but larger or combined gifts won't qualify. To stay compliant, spread smaller, distinct gifts throughout the year to make full use of the allowance.

Making the Most of Digital Accounting

Cloud-based accounting tools have come a long way, and they're changing how small businesses manage their finances. Real-time reporting, automatic bank feeds, and expense tracking can all save you time and give you a clearer picture of your numbers day to day.

If you're still juggling spreadsheets or older software, now might be a good moment to explore a cloud system. We can help you choose the right platform, get everything set up properly, and show you how to make the most of the insights your data can offer.



Christmas Payroll Deadline

If you plan to pay staff early over the festive period, HMRC's permanent payroll easement allows you to report salaries on the normal pay date even if payment is made early. For example, if staff are usually paid on 31 December but receive their pay on 19 December, the Full Payment Submission (FPS) should still show 31 December as the payment date. This ensures employees' tax and benefits, including Universal Credit, are calculated correctly and avoids any reporting issues.

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Our team remains on hand to assist with tax planning, helping you enter the new year with clarity and confidence.

Looking ahead to 2026, we expect further developments in digital reporting, HMRC compliance requirements, and support for small business growth. We will continue to keep our clients informed of any changes and ensure that our advice remains practical, timely, and tailored to your needs.

Finally, from all of us here at Rustrick Accountants, we wish you a wonderful Christmas and a prosperous New Year. We hope you all enjoy a well-earned break and look forward to working with you in 2026.

Sean

Sean Rustrick, Director

Director's Loan Accounts & Interest Rules

If you're a director of a limited company and either take or plan to take money out of the company that isn't salary or dividends, for example, via a director's loan account, be aware of the updated rules around interest. As of 6 April 2025 the official rate of interest (ORI) for beneficial loans is 3.75% and this rate is reviewed quarterly. The so-called "30-day rule" means you need to act quickly to correct or charge interest on loans that exceed certain thresholds to avoid tax charges on the company or the shareholder. It's worthwhile checking your director's loan account before year-end and considering if any repayment or restructuring is advisable.

Avoiding the FRS Trap

The VAT Flat Rate Scheme (FRS) can simplify VAT and reduce bills, but businesses with very low spending may fall into the low-cost trader (LCT) trap. If purchases in a quarter are under £250 or less than 2% of turnover, the LCT rate of 16.5% applies, which can wipe out the FRS benefit.

To avoid this, plan purchases carefully and check each VAT return. Spreading costs across quarters or excluding certain HMRC exempt items (like food or fuel in some cases) can help. If most returns fall under the LCT rate, it may be better to leave the FRS, but HMRC must be notified.

How to make the most of your state pension...

Even after 35 years of National Insurance (NI), your state pension can sometimes be increased, especially if you were self-employed or contracted out of the old State Second Pension before 2016. Extra NI contributions or working longer can add around £231 per year. Check your record via HMRC online or Form BR19 to see if topping up could boost your pension.



Staff news

This year has seen a number of changes to our staff. Most recently, we have welcomed Tahir to our accounts team. As a senior qualified accountant, he will be involved in the preparation of accounts and supervising the VAT returns and book keeping team. He will be on hand to provide help and advice to our clients and we're sure many of you will get to know him in the coming year.



A Little Year-End Planning Goes a Long Way



As the year wraps up, it's worth taking a step back to review how your business has performed and think about the year ahead. A quick check on things like capital allowances, pension contributions, and how you're taking income from your company can all make a big difference when it comes to tax efficiency.

Good planning doesn't just tick a compliance box — it gives you a clearer picture of where your business stands and what's possible in the months ahead. A few hours spent reviewing your accounts now can set you up for a smoother, more confident start to the new year.

We hope you will find the enclosed calendar of use during the year. If you would prefer not to receive this, or any other updates from us, in future, we won't mind — just let us know!

VAT updates you should know as the year ends

If your business is nearing the £90,000 turnover threshold, now is a good time to take stock. From 1 April 2024, the UK VAT registration threshold rose from £85,000 to £90,000, with deregistration at £88,000. This means businesses under £90k taxable turnover don't need to register, offering more flexibility and less admin for smaller firms. If you are VAT-registered or approaching the threshold, ensure your accounting systems are MTD-compliant and up to date — and contact us if you need advice or support.

Getting Ready for the Self-Assessment Deadline

The 31 January deadline always sneaks up faster than we think! Now's the time to make sure all your paperwork is in order — from income and dividend statements to receipts and pension details. Getting your return in early not only avoids the last-minute rush but also helps you plan for any tax bill well before it's due.

If we're preparing your return, please send us any outstanding information as soon as you can. The earlier we have everything, the more time we have to double-check your figures and look for any opportunities to save tax before the deadline hits.